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September 11, 2002

APPLICATION

Honorable James H. Welsh
Commissioner of Conservation
P.O., Box 94275
Baton Rouge, LA 70804-9275

RE: BB Sand, Reservoir B
South Chauvin Field
Terrebonne Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **DENBURY RESOURCES, INC.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the **BB Sand, Reservoir B** in the South Chauvin Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, such unit to be designated the BB RB SUA;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the Denbury Resources, Inc. - Laterre No. 3-C Well as the unit well for the proposed BB RB SUA;

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***ALSO ADMITTED IN OKLAHOMA

4. To designate Denbury Resources, Inc. as the unit operator for the proposed unit;
5. To provide that any future substitute or alternate unit wells for the proposed unit should be exempt from any spacing requirements;
6. To provide that any future wells drilled to the BB Sand outside of the proposed unit should be located in accordance with the spacing provisions of Statewide Order No. 29-E;
7. To provide that the Commissioner of Conservation should be authorized to reclassify the BB Sand, Reservoir B, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
8. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The BB Sand in the South Chauvin Field, Terrebonne Parish, Louisiana, was previously defined in Office of Conservation Order No. 547-B, effective November 1, 1964.

The BB Sand, Reservoir B, in the South Chauvin Field is hereby defined as that gas and condensate bearing interval encountered between the depths of 12,293 feet and 12,354 feet, electric log measurements, in the Denbury Resources, Inc. - Laterre No. 3-C Well, located in Section 66, Township 18 South, Range 18 East, Terrebonne Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was requested and held at 10:30 a.m., on Wednesday, September 11, 2002, at the Onebane Law Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana, (337) 237-2660. A list of the parties who attended the Pre-Application Conference is attached. Brent G. Sonnier, attorney for the Applicant, opened the conference with a brief discussion of the Rules of Procedures. Mr. Holmes Smart, consulting geologist for Applicant, presented the geology supporting the subject unit as proposed. Appearing for himself and other interested parties in tracts offsetting the proposed unit was Mr. Daniel Redmond, who expressed no opposition to the proposed unit plan, but indicated he may appear at hearing to comment on said plan. No counter plan was presented. The conference was then adjourned. No change to the unit as initially proposed is made with the filing of this Application.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting Holmes Smart, 200 Audubon Blvd., Lafayette, Louisiana 70503, (Phone: 337-232-4031).

There is attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties hereto.

Finally, enclosed herein is our check in the amount of \$700.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,



RANDALL C. SONGY
BRENT G. SONNIER

RCS/BGS/Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties
and Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.

Shell Oil
La Terre
2-E
11695'

71

R 18 E

67

Shell
La Terre
1-E
12808'

D-6

Placid Oil
La Terre
1-D
14520'

(Shell Oil)
La Terre
3-C
13700'

Denbury
La Terre
5-C
6208'

BB RB SUA
Laterre No. 3C
+/- 250 Acs.

Shell Oil
La Terre
B-D
13280'

(Shell Oil)
La Terre
2-C
15010'

Denbury
La Terre
S.L.
14431'

Denbury
La Terre
4-C
14431'

Shell
La Terre
1-C
14000'

72

Placid Oil
La Terre
3-D
15134'

T 18 S

66

Placid Oil
La Terre
2D
16210'

Denbury
La Terre
1
17650' MD
16155' TVD

La Terre

66

65

27

26

(Basf Corp., Wintershall)
Hebert M. 1

M. Hebert

Denbury
(BASF Corp., Wintershall)
Hebert F. 2-A

Malbrough

(Shell Oil)
Hebert F. 1-A

25

Denbury
(BASF Corp., Wintershall)
Hebert F. 3-A

F. Hebert

12490'

24

Denbury
(BASF Corp., Wintershall)
Fanguy 1-A

Shell
Fanguy 1

Fanguy

(BASF Corp., Wintershall)
Pellegryn

1

15800'

23

O. Pellegryn

22

EXHIBIT NO.

DOCKET NO. 02-

Denbury Resources, Inc.
DALLAS, TEXAS

SOUTH CHAUVIN FIELD
Terrebonne Parish, Louisiana

Proposed Unit
BB Sand Res. B

DATE: _____

Geology by: Holmes Smart

FRANK W. HARRISON, JR.

CONSULTING GEOLOGISTS-LAFAYETTE, LOUISIANA

ALP DIGITAL DRAFTING & DESIGN

337-227-0568